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Israel

Poultry and Products

Annual

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Report Highlights:
Israel's poultry producers remain the most highly protected from foreign competition in the agricultural sector. MY 2000 production was 300,000 mt. Exports totaled some $14 million, of which almost half was fatty goose liver. U.S. poultry exports to Israel continue to be blocked by stringent rabbinical requirements for kosher certification.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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Executive Summary

The production value of Israel's poultry sector amounted to NS 2.7 billion in calendar year 2000, unchanged from 1999. One dollar equaled NS 4.08, on average for the year.

Live weight broiler production totaled 287 tmt (201 tmt, RTC), turkey production totaled 132 tmt (90 tmt, RTC) and 1.63 billion table eggs were produced. Goose liver exports totaling 215 mt were mainly to Japan France and Germany.

Per capita broiler consumption increased to 31.9 kg a year, mainly due to intensive marketing efforts; the trend of Israelis preferring fresh and chilled broiler meat over frozen meat continued in 2000. Per capita consumption of turkey increased to 13.2 kg while table eggs declined to 227 per person - down from 235 in 1999.

Most imports in the poultry sector are of feed and breeding material and not of poultry products. Breeding material imports totaled $5.5 million in 2000.

Export value of poultry products in 2000 totaled about $14 million. The main sources were breeding stocks - $2.5 million, turkey meat - $1.1 million, fresh eggs - $3.1 million and goose liver - $6.8 million.

PSD Table						
Country:	Israel					
Commodity:	Poultry, Meat, Total					
		1999		2000		2001
	Old	New	Old	New	Old	New
Calendar Year Begin		01/1999		01/2000		01/2001
Inventory (Reference)	0	0	0	0	0	0
Slaughter (Reference)	0	0	0	0	0	0
Beginning Stocks	5	4	7	6	8	8
Production	280	276	283	293	0	296
Whole, Imports	0	0	0	0	0	0
Parts, Imports	0	0	0	0	0	0
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	285	280	290	299	8	304
Whole, Exports	1	1	1	1	0	1
Parts, Exports	5	5	6	4	0	4
Intra EC Exports	5	4	6	3	0	3
Other Exports	0	0	0	0	0	0
TOTAL Exports	6	6	7	5	0	5
Human Consumption	270	266	273	284	0	294
Other Use, Losses	2	2	2	2	0	2
Total Dom. Consumption	272	268	275	286	0	296
TOTAL Use	278	274	282	291	0	301
Ending Stocks	7	6	8	8	8	3
TOTAL DISTRIBUTION	285	280	290	299	8	304
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0

Source: CBS Statistical Abstracts, Foreign Trade Statistics Annuals, Agricultural Statistics Quarterly, MoA, Agricultural Center, Poultry Production and Marketing Board of Israel (PPMBI). * Including Layers.

Note: In the 1996 U.S.-Israel Agreement on Trade in Agricultural Products (ATAP) Israel granted U.S.

exporters in 2000 a duty-free tariff rate quota (TRQ) of 290 metric tons (mt) of frozen broilers and the same amount of processed broiler products. Israel, however has legislated a Kosher Meat and Poultry Import law which allows importation only of those products accompanied by a certificate of kashrut issued by the Chief Rabbinate of Israel. To date, no U.S. poultry packer or processor has been able to satisfy the Israeli rabbinate's stringent demands.

Poultry

General

The estimated value of poultry production in 2000, was NS 2,700 million.

The average rate of exchange in 2000 was $1.00 = NS 4.08 representing about 20 percent of the total value of agricultural production.

Table 1: Value of Poultry by Type, 1999-2000 at average annual prices NS million

Product	1999	2000	% of 2000 total
Broiler meat	1,170	1,204	44
Turkey meat	554	554	20
Table eggs	609	615	23
Breeding material	314	309	11
Geese and other	45	45	2
Total	2,692	2,727	100

Source: Poultry Production and Marketing Board of Israel, year 2000 summary (PPMBI).

Table 2: Poultry Producers and Production - 2000 tmt live weight

	Family farms		Kibbutz farms		Total	
	Producers	Quantity	Producers	Quantity	Producers	Quantity
Broilers*	779	101	175	153	954	254
Turkeys*	191	69	34	39	225	108
Table eggs **	3,448	1618	13	53	3,461	1671
Total	4,418		222		4,640	

Source: PPMBI.

*Broiler and Turkey quantity is based on reported production figures. Actual production is estimated at 287,000 (total broilers) and 132,000 (total turkeys) metric tons.

**Table egg production is in millions and refers to the government quota. Actual egg production (total) is estimated at 1,630.

Per capita meat consumption in 2000, was about 66 kg (around 126 kg in the U.S). The share of poultry in total meat consumption in Israel is very high compared to other developed countries.

Table 3: Annual Per Capita Meat Consumption in Israel
Kg (RTC)

Type of meat	1999	2000	1999 as percent of total
Broiler	30.5	31.9	48.5
Turkey	12.6	13.2	20.1
Beef	18.1	18.2	27.7
Other meat	2.5	2.5	3.7
Total	63.7	65.8	100

Source: PPMBI.

Table 4: Poultry Share of Meat Consumption, in Selected Countries, 2000
percent

Type of meat	Israel	USA	France	UK
Broiler	48.5	32.6	15.0	23.2
Turkey	20.1	6.5	7.7	4.3

Source: PPMBI, Agricultural Center.

PSD Table						
Country:	Israel					
Commodity:	Plty, Meat, Chicken -16 wks					
		1999		2000		2001
	Old	New	Old	New	Old	New
Calendar Year Begin		01/1999		01/2000		01/2001
Inventory (Reference)	0	0	0	0	0	0
Slaughter (Reference)	0	0	0	0	0	0
Beginning Stocks	4	4	4	4	5	3
Production	190	189	195	201	0	204
Whole, Imports	0	0	0	0	0	0
Parts, Imports	0	0	0	0	0	0
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	194	193	199	205	5	207
Whole, Exports	0	0	0	0	0	0
Parts, Exports	1	1	1	0	0	0
Intra EC Exports	1	1	1	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	1	1	1	0	0	0
Human Consumption	188	187	192	201	0	206
Other Use, Losses	1	1	1	1	0	1
Total Dom. Consumption	189	188	193	202	0	207
TOTAL Use	190	189	194	202	0	207
Ending Stocks	4	4	5	3	5	0
TOTAL DISTRIBUTION	194	193	199	205	5	207
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0

Source: CBS Statistical Abstracts, Foreign Trade Statistics Annuals, Agricultural Statistics Quarterly, MoA, Agricultural Center, PPMBI.

Broilers

Production

Total broiler meat production in 2000 is estimated at 287 thousand metric tons (tmt). There is still an official national quota of 180,000 mt live weight but de facto this quota is not enforced and producers can each produce 300 mt over the family farm quota and 2000 mt on collective farms without suffering a penalty.

The declining trend in the number of growers continued in 2000. There are currently 950 growers whereas in 1999 there were 1,100. The shift of production from family farms to larger cooperative farms also continued. This trend led to better management of production and to improved production efficiency due to economies of size.

At the end of 2000 the government offered to buy out quota owners who would leave the sector, paying NS 0.50 per kg. Eighty growers with a total quota of 3,000 mt accepted the offer.

Table 5: Total Broiler Production 1998-2000

	Unit	1998	1999	2000
Hatching eggs	‘000	202,606	223,203	219,525
Average hatching per week	‘000	3,886	4,281	4,601
Chicks for local market	‘000	125047	134,631	147,964
Chicks for Palestinian Authority	‘000	25,235	26,358	18,923
Estimated broiler meat production	mt- live weight	250,000	270,000	287,000*

Source: PPMBI, Agricultural Center.
* Estimated actual production. Reported production in 2000 totaled 254,000 mt.

For the first time a production cessation arrangement took place in the broiler sector (during March-April, July-August and October-November- a total of 8,500 mt.). In March-April the payment was NS 0.5/ kg. All other times the payment was NS 0.6/kg.

Table 6: Broiler Production Coefficients - 2000

Parameter	Unit	Israel	U.S.A
Marketing age	Days	45-46	48
Marketing weight	Kg.	2.17	2.327
Mortality rate	%	6.5	4.8
Meat output per day-old-chick	Kg.	2.03	2.215
Kg feed per kg meat		2.23	1.99

Source: Agricultural Center.

Production Costs

Table 7: Cost of Producing 1 kg live weight – 2000
Cent/kg

	Cost - Israel	Costs - US
Feed	51.1	30.3
Day-old chicks	23.7	8.9
Other variable costs	15.4	8.7
Payment to farmer (Labor + capital costs)	15.9	10.6
Management	4.7	1.3
Total farm gate costs	110.7	59.8
Catch and haul	3.2	3.9
Payment to Poultry Board	1.5	-
Total	115.4	63.7

Source: Agricultural Center.

In 2000, the average farm gate price was 107 cents per kg live weight, an increase of 15 percent compared to 1999. The cost to the producer was 110.7 cents.

The main difference, in the broiler production process between Israel and U.S.A is in production organization and scale. In the U.S.A production is vertically integrated. There are no marketing or management markups while moving from one production stage to another.

In Israel, mainly due to the former government policy of allocation of small annual quotas to many producers, there is no vertical integration. Each production stage (hatching egg production, day old chicks, broiler production, feed mill, and dressing-plant) represents a separate profit center. This, along with the very small production scale, is the main reason for low efficiency and higher costs.

Since the cancellation of the quota policy, there have been some attempts at vertical integration; a process that will probably grow in the near future. A recent study calculated that under vertical integration broiler production expenses for 1 kg live weight at the dressing-plant gate would be NS3.38 (82 cents) - much closer to the cost in the U.S.A. Production costs in Israel will never fall to U.S levels as the feed price in Israel will always be higher due to transportation costs of imported feed. The average delivered cost of broiler feed in 2000 was $233 per ton. However, most of the demand for feed is by growers who have equity in the feed mill and who generally receive a rebate at the end of the year. Their final feed cost is about $200 per ton compared to a delivered cost of less than $150 in the U.S.A.

Breeding Stocks

Main quantities of breeding stock are imported. Imports contain Grand Parent Stocks (GPS) from which the Parent Stocks (PS) are produced locally, and Parent Stocks. The main GPS suppliers are UK (Ross) and USA (Cobb, belonging to Tyson).

In the past Anak, a local primary breeder, dominated the market. During 1999 the quantities marketed by Anak fell significantly; in 2000 the quantities dropped almost to zero and in June 2000 the company ceased to existing.

Consumption

In 2000, per-capita consumption of broilers rose by 4.5 percent and reached 31.9 kg/year (41 kg in U.S.) – see tables 3 and 4.

Around 20 percent of all broilers go to the live market and 80 percent to dressing-plants. Of the latter, about half are marketed as whole chickens - fresh, chilled or frozen and the rest are processed and cut.

After subsidies were discontinued on frozen chickens in 1996, the consumer trend towards fresh chicken continued. One result was a decline in the ratio of frozen-fresh prices.

Table 8: Average Consumer Price for Whole Broilers
NS/kg

Year	Fresh (1)	Frozen (2)	Ratio (2/1)
1996	13.27	12.57	0.95
1997	14.55	13.97	0.96
1998	14.38	13.59	0.95
1999	13.89	13.49	0.97
2000	14.23	12.9	0.91

Source: CBS, Price Statistics Monthly.

1999 was the first year in which poultry processors manufactured a large variety of further processed broiler products. “Tnuva”- Israel’s largest poultry marketer had invested heavily in branding during 2000, especially with the “Mama Of” line of chilled broiler products. There is no evidence that these efforts have increased Tnuva’s market share but they did lead to a general increase in broiler consumption.

Market research indicates that a greater variety of processed poultry products can increase per-capita demand for poultry. Official estimates indicate that per-capita meat consumption in Israel can be expected to grow, thus raising general consumption beyond the rate of growth of population.

PSD Table						
Country:	Israel					
Commodity:	Poultry, Meat, Turkey					
		1999		2000		2001
	Old	New	Old	New	Old	New
Calendar Year Begin		01/1999		01/2000		01/2001
Inventory (Reference)	0	0	0	0	0	0
Slaughter (Reference)	0	0	0	0	0	0
Beginning Stocks	0	0	0	2	0	4
Production	86	86	87	90	0	90
Whole, Imports	0	0	0	0	0	0
Parts, Imports	0	0	0	0	0	0
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	86	86	87	92	0	94
Whole, Exports	1	1	1	1	0	1
Parts, Exports	4	4	5	3	0	3
Intra EC Exports	4	3	5	3	0	0
Other Exports	0	0	0	0	0	3
TOTAL Exports	5	5	6	4	0	4
Human Consumption	80	78	80	83	0	87
Other Use, Losses	1	1	1	1	0	1
Total Dom. Consumption	81	79	81	84	0	88
TOTAL Use	86	84	87	88	0	92
Ending Stocks	0	2	0	4	0	2
TOTAL DISTRIBUTION	86	86	87	92	0	94
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0

Source: CBS Statistical Abstracts, Foreign Trade Statistics Annuals, Agricultural Statistics Quarterly, MoA, Agricultural Center, PPMBI.

Turkeys

Production
Total turkey meat production in 2000 is estimated at 132 thousand metric tons (tmt).

This is the only industry in the poultry sector which has hardly experienced any governmental intervention at all during the last decade. In 1999 and 2000 there was none at all. The government, by means of the Poultry Production and Marketing Board of Israel (PPMBI) tried with little success to regulate production through agreements with the breeders to reduce sales of day old turkeys (D.O.T). In 2000, still no such an agreement was reached and D.O.T sales remained the same (compared to 1999) but production increased by 4 percent.

2000 was the second year that the MOA did not subsidize exports of turkey breast meat. Export of surplus turkey breasts in 2000 are estimated at 3,500 mt.

Many growers left the industry during 2000 - the continuation of a trend that started in 1994. Producer numbers declined from 500 in 1994 to 250 in 1999 and to 225 in 2000. The ratio between family farms and cooperative farms has remained the same: 85 percent and 15 percent respectively.

Table 9: Total Turkey Production

	Unit	1998	1999	2000
Hatching eggs	'000	15,782	17,808	17,204
D.O.T for local market	'000	10,992	12,453	12,481
Turkey meat	mt- live weight	120,000	126,000	132,000*

Source: PPMBI
* Actual production estimate. Reported production- 108,000.

Table 10: Turkeys - Production Coefficients -2000

Parameter	Raise from D.O.T	Raise from 5-week old turkey	Average
Share of production	50%	50%	
Marketing age - weeks			
Males	20.2	20.2	20.2
Females	15.2	15.5	15.4
Marketing weight - kg			
Males	16.05	16.28	16.17
Females	7.94	8.17	8.06
Average	13.29	13.52	13.41
Mortality - %			
Males	12.1	7.1	9.6
Females	8.6	6.6	7.6
Average	10.3	6.8	8.6
Yield per chick - kg			
Males	14.11	15.12	14.62
Females	7.26	7.63	7.45
Average	11.92	12.6	12.26
Feed conversion - kg	2.831	2.542	2.687
Manpower - day/ton	1.19	0.91	1.05

Source: Agricultural Center.

Production Costs

Table 11: Turkeys - Cost of Producing 1 kg Live Weight – 2000 (NS*/kg)

	Cost – Israel
Feed	2.57
Breeding material	1.47
Work	0.45
Other variable costs	0.44
Interest on working capital	0.14
Management	0.26
Capital expenses	0.46
Total expenses at farm gate	**5.79**

Catch and haul	0.15
Payment to Poultry Board	0.04
Total	**5.98**

Source: PPMBI
* US$ = 4.095 NS (average 2000).

Consumption

Per-capita consumption of turkey meat increased in 2000 from 12.6 to 13.2 kg/year. It is the highest consumption in the world (for example USA-8.2, France-6.4) but the assumption is that further increase is possible with the right marketing efforts. Ninety percent of turkey meat is processed and cut. One of the difficulties in this sector is that the consumption is not balanced; the demand for breast meat is lower than supply. The surplus is exported mainly to Europe at a loss to the producers.

Table 12: Turkeys - Average Consumer Price, 2000
NS/kg

Year	Live market price	Change (%)	Industrial market price	Change (%)
1998	5.16		7.3	-
1999	4.68	-9.3	7.03	-3.7
2000	4.28	-8.5	6.45	-8.3

Source: Agricultural Center.

PSD Table						
Country:	Israel					
Commodity:	Poultry, Eggs					
		1999		2000		2001
	Old	New	Old	New	Old	New
Calendar Year Begin		01/1999		01/2000		01/2001
Layers	0	0	0	0	0	0
Beginning Stocks	40	40	10	10	10	0
Production	1640	1640	1670	1630	0	1620
Hatch Eggs, Imports	0	0	0	0	0	10
Shell Eggs, Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
Intra EC Imports	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	10
TOTAL SUPPLY	1680	1680	1680	1640	10	1630
Hatch Eggs, Exports	0	0	0	0	0	0
Shell Eggs, Exports	68	68	60	120	0	20
Other Exports	0	0	0	0	0	0
Intra EC Exports	0	0	0	0	0	0
TOTAL Exports	68	68	60	120	0	20
Hatch Eggs,Consumption	0	0	0	0	0	0
Shell Eggs, Human	1370	1370	1350	1370	0	1390
Shell Eggs,OT.Use/Loss	192	192	220	145	0	180
Other Dom. Consumption	40	40	40	5	0	40
Total Dom. Consumption	1602	1602	1610	1520	0	1610
TOTAL Use	1670	1670	1670	1640	0	1630
Ending Stocks	10	10	10	0	10	0
TOTAL DISTRIBUTION	1680	1680	1680	1640	10	1630

Calendar Yr. Imp. from U.S.	0	0	0	0	0	0

Source: CBS Statistical Abstracts, Foreign Trade Statistics Annuals, Agricultural Statistics Quarterly, MoA, Agricultural Center, PPMBI.

Table Eggs

Production

Table egg production is the only poultry branch that is still managed under a government quota policy. The CY2000 annual national quota for producing and marketing table eggs was set at 1,671 million. More than 50 percent of the quota is allotted to growers in the Galilee region. Table egg production is concentrated mostly in the family farm sector. The quota size is set according to a uniform key of 240 eggs per house-layer. The quota is designed to satisfy the demand for table eggs but it is actually higher than consumption (which is declining). In 1999 the surplus was about 267 million/eggs and 2000 saw it grow to 326 million.

In the efforts to reduce overproduction, the PPMBI initiated an early slaughter of layers during 2000. This action prevented the production of an additional 26 million eggs.

In the course of the year the government continued purchasing production quotas and encouraging transfer of quotas from small farm owners to larger scale farms. Producers are paid an additional 9 agorot per unproduced egg (about 96 million eggs). The number of growers has been falling continuously - from 4544 in 1994 to 3461 in 2000.

Table 13: Growers and Egg Production Quotas by Sub-sector - 2000
Thousands of eggs

Farm Type	Total	No. of Farms	Average Quota
Cooperative farms	53,000	13	4,077
Family farms	1,618,000	3,448	469
Total	1,671,000	3,461	483

Source: PPMBI

Table 14: Total Table Egg Production
Thousands of eggs

	1998	1999	2000
Hatching eggs	15,824	14,534	11,888
Chicks for local market	3,903	4,114	3,830

Chicks for Palestinian Authority	1,570	1,665	1,132
Estimated Table egg production	1,550,000	1,640,000	1,630,000
Of which - surpluses	227,534	267,734	326,543

Source: PPMBI

Surplus Removal
The estimated removal cost in 2000 was NS 7.8 million. The average cost of a surplus egg is 24.1 agorot and is financed by the consumers (13%), the growers (85%) and the Poultry Board's surplus removal fund.

Officially, Israel and the Palestinian Authority (PA) contitute a free trade area with no trade barriers. De-facto, most of the poultry products (mostly eggs) cannot enter Israel due to hygienic restrictions and therefore most of the Palestinian quantity that does enter is transported illegally because the packing and shipping conditions do not conform to Ministry of Health requirements. In this sense, the eggs are smuggled from the Palestinian Authority, but are not recorded as having been produced or sold.

During the end of 2000 and the first half of 2001, due to deterioration of the political situation and the tightening of the security checks at transit points between Israel and the Palestinian Authority, the quantities that entered Israel declined dramatically. The result was a much lower surplus and smaller exports. As a matter of fact, for the first time in decades Israel imported fresh table eggs - some ten million from the U.S., utilizing the tariff rate quota of the U.S.-Israel 1996 Agreement on Trade in Agricultural Products (ATAP).

Production Costs

Table 15: Table Eggs - Production Costs - 2000
(Agorot/ egg)

	Cost
Feed	11.78
Chicks	2.96
Vaccines and other	1.77
Labor costs	7.83
Management	0.55
Capital costs	3.17
Total at farm gate	**28.06**

Marketing costs	3.12
Total	**31.18**

Source: PPMBI

Consumption

Israel's per-capita egg consumption in 2000 was 235 eggs / year, down from 242 in 1999 and 1998. According to Israel's Agricultural Center, per-capita egg consumption in 2000 was 227 (down from 235 in 1999).

Table 16: Table Eggs - Average Consumer Price – No. 2 eggs (65-70 grams) (NS / dozen)

Month	1999	2000	2001
January	8.09	8.35	8.35
February	8.18	8.35	8.37
March	8.35	8.35	8.35
April	8.35	8.34	8.39
May	8.36	8.34	8.39
June	8.50	8.34	N/A
July	8.39	8.36	N/A
August	8.37	8.36	N/A
September	8.37	8.35	N/A
October	8.37	8.36	N/A
November	8.35	8.35	N/A
December	8.37	8.35	N/A
Average	**8.34**	**8.35**	

Source: CBS, Price Statistics Monthly.

Feed

The main factor influencing poultry production cost is the price of feed; it represents 45 percent of the total.

Poultry feed, of which 95 percent is imported, represents about 70 percent of total feed sales. Soybean meal constitutes almost one-forth of the regular poultry ration. Soybean imports from the U.S. account for 96.7 percent of total soybean imports.

Domestic meal production is still protected by import levies. The meal imports, which until two years ago had been restricted to US sources, are now allowed from any source and the levies decrease annually.

Table 17: Terms of Trade in the Poultry Sector, 1996-2000
kg of meat and number of eggs required to purchase 1 ton of feed

Year	Broilers Kg	Turkeys Kg	Table eggs units
1996	253	279	2922
1997	231	308	2890
1998	218	221	2610
1999	223	224	2770
2000	228	250	2904

Source: based on CBS, Price Statistics Monthly.

Note: Purchasing power indicates the kilograms of meat and number of eggs needed to purchase one ton of feed. In the table, the higher the number in a column, the worse are the terms of trade.

Table 18: Breeding Material Imports - Suppliers by Branches

Company	Country	Grand parent stocks	Parent stocks
Broilers			
Ross	U.K.	+	+
Cobb	U.S.A	+	-
Hybro	Holland	-	+
Turkeys			
B.U.T	U.K	+	-
Hybrid	Canada	+	-
Nycolas	USA	+	
Layers			
Hyline	U.S.A	-	+
Lohmann	Germany	-	+

Source: Agricultural Center.

Table 19: Imports of Breeding Material* by Countries - 2000

Country	Amount $1,000	Percent of Total
U.K	2,759	49.9
U.S.A	1,877	33.9
Brazil	269	4.9
Holland	244	4.4
Canada	213	3.8
Germany	132	2.4
Mexico	40	0.7
Total	**5534**	**100**

Source: CBS, 2000 Foreign Trade Statistics.
*Live chicks, hatching eggs and others.

Trade

Imports

All imports in the poultry sector are of feed and breeding material. Israel's Chief Rabbinate manages to protect the domestic market by setting kosher certification standards which no foreign poultry processor can maintain. Thus, although the U.S.-Israel Trade Agreement calls for duty-free quotas of both frozen and processed poultry, Israel's Kosher Meat and Poultry Import Law prevents any product from entering the country.

Exports

Except for goose liver, most production is directed to the domestic market. Surplus turkey meat and table eggs are exported at prices below their cost of production. Small quantities of processed kosher turkey meat is exported to a limited kosher market in Europe. Surpluses of breeding material, mainly PS, are exported to countries that do not have parent stock for reproduction.

Table 20: Exports of Breeding Material – Turkeys
$1,000

Country	1999	2000
Hungary	664	781
Turkey	1422	619
Poland	532	611
Slovakia	192	151
Czech	0	75
Russia	380	0
Italy	143	0
Egypt	127	0
Thailand	106	0
Uzbekistan	105	0
Holland	103	0
Belgium	95	0
Spain	80	0
Slovenia	70	0
Japan	63	0
Nigeria	54	0
Argentina	52	0
China	42	0
Hong-Kong	41	0
France	31	0
Other	235	254
Total	4537	2491

Source: CBS; Trade Statistics (1999), unpublished worksheets (2000).

Table 21: Exports of Turkeys, Fresh, Chilled or Frozen - Whole or Parts
$1,000

Country	1999	2000
Germany	609	579
Switzerland	1598	224
Russia	129	116
South Africa	497	70
Belgium	130	0
France	215	0
Greece	0	0
Italy	233	0
GBR	256	0
USA	1074	0
Other	116	140
Total	4857	1129

Source: CBS; Trade Statistics (1999), unpublished worksheets (2000).

Table 22: Exports of Fresh Table Eggs, 2000

Country	1999	2000
Italy	0	1375
Germany	124	421
Turkey	180	372
Czech	14	361
Hong-Kong	16	232
Belgium	169	0
Holland	310	0
Greece	28	0
Albania	51	0
Romania	36	0
Azerbaijan	253	0
Other	583	365
Total	1764	3126

Source: CBS; Trade Statistics (1999), unpublished worksheets (2000).

Goose Liver Exports

Goose liver exports, which are subsidized, reached 215 mt in 2000, 8.5 percent less than in 1999. The estimated value of exports is $6 million. The exporters had difficulties in 2000 due to health problems of the flocks and to Euro rate declines.

Table 23: Exports of Duck, Goose and Other Poultry, Fresh, Chilled or Frozen, Whole or Parts $1,000

Country	1999	2000
Japan	2505	2330
France	3513	1491
Germany	1347	1351
Belgium	1140	542
Italy	1225	237
Switzerland	311	224
Russia	129	116
South Africa	92	70
Thailand	54	0
Greece	98	0
Other	90	477
Total	10504	6838

Source: CBS; Trade Statistics (1999), unpublished worksheets (2000).

Trade Policy

The MOA's policy is to protect domestic production which is very inefficient relative to other producers. Still, Israel's obligation under bilateral and multilateral international agreements, such as the U.S. – Israel FTA agreements and the WTO, affect national trade policy for poultry. The 2000 duty free quota for poultry meat from the U.S. amounted to 562 mt. The agreement allows unlimited ex-quota imports with a tariff of NS 5/kg for whole frozen broilers or turkeys, or NS 9/kg for broiler or turkey parts. Such tariffs make imports practically impossible.

Each shipment must be accompanied by a certificate issued by the Israeli Chief Rabbinate, attesting to the 'kashrut' of the product.

A new U.S. – Israel trade agreement is in an initial stage of negotiation. This new agreement is expected to improve the terms for U.S exporters. It is impossible to determine at this stage which of the terms will be changed and what the changes will be. The new agreement is to come into effect in January 2002. Changes in the agreement will have no effect unless the Israeli rabbinate revises its requirements regarding the kosher slaughter of poultry in the U.S.

MFN Customs Rates on Imports to Israel

Product	HS Code	Duty - NS	Not to Exceed
Chicks- layers, broilers*	01051100	1.5/unit	35%
Turkey chicks**	01051900	6.6/unit	35%
Live broilers	01059200	8.4/unit	185%
Live turkeys	01059900	67.5/unit	185%
Kosher whole broilers	02071100	5.0/kg	191%
Broiler parts, various	2071490	9.0/kg	191%
Non kosher whole broilers	2071290	6.0/kg	191%
Whole turkeys	02072400	6.1/kg	191%
Turkey parts	02072790	9.0/kg	191%
Hatching eggs- layers, broilers	4070019	0.75/unit	50%
Hatching eggs- turkeys	04070020	3.6/unit	50%
Table eggs	04070090	0.3/unit	191%

Source: MOA, Foreign Trade Dept (based on the Customs Tariff of Israel, 2001)
* CIF price does not exceed NS 4.5/chick. ** CIF price does not exceed NS 12/chick.
Note: the maximum duty is calculated as a percent of the Value for Customs.

Implications for US Exporters

Broilers and Turkeys – The Israeli market for poultry products is open theoretically and enables American kosher poultry producers to export to Israel. Although the recent consumption trend is towards fresh and chilled chicken, the high production cost in Israel makes it possible for a variety of American chilled and frozen poultry products to be sold in Israel. Yet, the high tariffs make importation only marginally profitable and the short shelf life of chilled products adds marketing problems.

It appears that the major barrier to U.S imports is the inability of U.S. poultry processors to meet the kashrut demands of Israel's Chief Rabbinate. Before this problem is solved all other difficulties are only theoretical.

Table eggs - There is no significant difference between U.S. and Israeli table eggs prices. Transportation costs make such export unprofitable.